

Message Text

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73

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EA-07 NEA-10 ISO-00 ABF-01 FEA-01

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /111 W

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P R 042115Z MAR 76

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC PRIORITY 500

INFO AMEMBASSY ABIDJAN

AMEMBASSY ADDIS ABABA

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

AMEMBASSY JAKARTA

AMEMBASSY KINSHASA

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMEMBASSY NAIROBI

AMEMBASSY NEW DELHI

AMEMBASSY QUITO

AMCONSUL RIO DE JANEIRO

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMCONSUL SAO PAULO

AMEMBASSY TEGUCIGALPA

AMEMBASSY YAUONDE

LIMITED OFFICIAL USE SAN SALVADOR 1147

EO 11652: N/A

TAGS: ETRD EAGR ES

SUBJ: DATA FOR CONGRESSIONAL HEARINGS ON COFFEE PRICES

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REF: (1) STATE 34044 (2) 75 SAN SALVADOR 5121

1. FOLLOWING IS DATA REQUESTED REFTEL FOR EL SALVADOR. EXCHANGE RATE USED IN ARRIVING AT DOLLAR PRICES IS 1 DOLLAR EQUALS 2.50 COLONES.

2. INTERNAL RETAIL PRICES. RETAIL PRICE OF COFFEE IS CONTROLLED. PRICE ESTABLISHED BY MINISTRY OF ECONOMY HAS NOT CHANGED SINCE BRASILIAN FROST. PRICE OF ONE POUND PACKAGE RANGES FROM \$0.86 TO \$0.68. LOWER PRICED BRAND IS SOLD BY SALVADORAN COFFEE COMPANY. WE BELIEVE GOES WILL CONTINUE TO BE RELUCTANT TO PASS ON INCREASED PRICE OF BASIC STAPLE TO CONSUMER FOR SOME TIME.

3. PRICES PAID TO PRODUCERS. SALVADORAN COFFEE COMPANY PUBLISHES DAILY PRICES IT OFFERS TO PRODUCERS AT ITS PROCESSING FACILITIES. PRICES PAID TO PRODUCERS BY PRIVATE PROCESSORS GENERALLY FOLLOW SCC LEAD. FOLLOWING ARE AVERAGE PRICES OFFERED BEFORE AND SINCE FROST ;DOLLARS PER 46 KILOGRAM BAG):

1974/1975 CROP

JUNE 1975 32.70

JULY 1975 37.78

AUGUST - DECEMBER 1975 50.03

1976/1976 CROP

JANUARY 1976 56.67

4. GOES MEASURES TO RESTRICT OR ENCOURAGE EXPORTS.

AS REPORTED REF 2, GOES ANNOUNCED DECEMBER 9 THAT EXPORT REGISTERS WOULD BE OPEN FOR 100 PERCENT OF 1975/76 CROP, THUS, ABANDONING THE 20 PERCENT RETENTION SCHEME WHICH HAD BEEN IN EFFECT UP TO THAT DATE. ALL EXPORTS MUST BE REGISTERED WITH THE COFFEE COMPANY, WHICH RESERVES THE RIGHT TO PURCHASE CONTRACTS WHICH DO NOT REFLECT THE "REALITY OF THE MARKET". THE COFFEE COMPANY IS RETAINING ITS STOCKS FROM THE 1974/75 CROP.

5. MEASURES TO INCREASE PRODUCTION. GOES RECENTLY ANNOUNCED NEW CREDIT LINES AVAILABLE FOR REPLANTING EXISTING FINCAS AND FOR PLANTING IN AREAS NOT NOT DEVOTED TO COFFEE. THE RELIMITED OFFICIAL USE

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PLANTING CREDIT LINE WILL PROVIDE UP TO 1.10 COLONES PER TREE FOR FINCAS PRODUCING UP TO 3000QQ., 0.72 COLONES PER TREE FOR FINCAS PRODUCING FROM 3,001 PP., AND 0.55 COLONES PER TREE FOR FINCAS PRODUCING OVER 5000 QQ. FOR PLANTING IN NEW AREAS, THE CREDITS WILL PROVIDE UP TO 1.80 COLONES PER TREE FOR FINCAS PRODUCING FROM WTNPPQ TO 5000 QQ., AND 0.90 COLONES PER TREE FOR FINCAS PRODUCING OVER 5000 QQ. INTEREST RATE ON BOTH CREDIT LINES WILL BE 8 PERCENT FOR PRODUCERS WITH ASSETS LESS THAN

150,000 COLONES AND 11 PERCENT FOR ALL OTHERS. INTEREST RATES FOR COOPERATIVES WILL RANGE FROM 5 1/2 - 7 PERCENT FOR RE-PLANTING AND 8 1/2 - 10 PERCENT FOR PLANTING IN NEW AREAS. CREDITS WILL RUN FOR 6 YEARS WITH 3 YEARS GRACE DURING WHICH BORROWER ONLY PAYS INTEREST.

6. CENTRAL BANK CREDIT LINES FOR THE 1976/77 CRO

P (CREDITO DE

AVIO) WILL ADVANCE PRODUCERS UP TO 77 COLONES (\$30.80) PER QQ.

AT RATES OF INTEREST RANGING FROM 8-11 PERCENT. THESE TERMS ARE ABOUT THE SAME AS THOSE OFFERED LAST YEAR FOR THE 1975/76

CROP (\$30.00 PER QQ. AT 9 -11 PERCENT). ADDITIONAL FINANCING

OF UP TO 11.00 COLONES (\$4.40) PER QQ. FOR FERTILIZATION IS

AVAILABLE. CREDIT AVAILABLE TO PAY OFF LOAN BALANCE INCURRED

FOR 1975/76 CROP AND TO PAY OBLIGATIONS TO PROCESSORS (CREDITO

PRENDARIO) IS SOMEWHAT MORE GENEROUS THAN LAST YEAR. UP TO

105 COLONES (\$42.00) PER QQ. IS AVAILABLE AT INTEREST

RATES RANGING FROM 8 2* 11 PERCENT. THIS IS PRESUMABLY PARTLY

IN RESPONSE TO CLAIMS OF PRODUCERS THAT THE POOR 1975/76 CROP

HAS PLANCED MANY OF THEM IN A POSITION OF BEING UNABLE TO PAY OFF CREDITS ADVANCED FOR THAT CROP.

CAMPBELL

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Message Attributes

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Margaret P. Grafeld
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